

TOP SECRET

18 August 1980

## MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 18 August 1980

Mr. Carlucci was on leave; the Director chaired the meeting. [ ]

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Noting that he had read most of the material held for him while on leave, the Director advised on his sense of priorities in the near term as follows:

--Legislative scene. The Director indicated he wished to be helpful on any major legislation citing Hughes-Ryan, Identities, FSO, graymail, or other bills which are important to us. [ ] noted that he wished to discuss the possibility of Fred Hitz or the Director appearing in support of Identities legislation, and the Director noted his willingness to cancel most any appointment to support our position with regard to pending legislation. [ ]

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--The Director advised that a meeting is scheduled to assess the Soviet CPX issue and what it means. Lehman noted work underway to prepare an SNIE on this topic with a 25 August target date for Community coordination and publication. [ ]

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--Focus on Iran and identify contingencies that might develop prior to the U.S. election making sure that policy options [ ]

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--The situation in Poland and additional collection coverage. Lehman commented that he would be meeting with others today to consider an update on a previously distributed Alert Memorandum. [ ]

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--The situation in Afghanistan with the Director noting that he had scheduled an update meeting on same. [ ]

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[ ]

The Director advised that he is postponing his scheduled October trip to Southeast Asia given his concern that foreign developments will emerge designed to influence the U.S. electoral process and noted that it is doubly important to be alert to the possibility of initiatives, e.g., Khomeini, hostage trials, or other events. [ ]

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In response to the Director's query, [ ] said that all in government, except State (Deputy Secretary Christopher) have concurred in the APEX Nondisclosure Agreement. [ ]

The Director asked [ ] to prepare a paper assessing the likelihood that the Director may be called upon to testify on the Billy Carter/Libyan connection and noted the distortion contained in the attached New York Times article with regard to providing NSA reports naming Americans. He asked [ ] to include in the paper a clear articulation of the rule governing same. [ ] commented that he doubted that we would be called to testify. (Action: GC) [ ]

Lehman reported the 15 August briefing of VP candidate George Bush went well. In a subsequent conversation with Dick Allen, the latter doubts additional briefings will be called for before the election. [ ]

Fitzwater related we will exceed our minority hiring goal of [ ] and new hires may reach [ ]. Fitzwater highlighted Mike Causey's article of yesterday in the Washington Post (attached) on the cost of living factor and the possibility of substantial retirements. He noted that [ ] EOD dates have been fixed and he has sent to each Deputy Director and senior staff chief a memorandum requesting they prioritize those selected for EOD. [ ]

Fitzwater noted that this week the Family Liaison Service program is being initiated. The Director requested that this topic be included in a future DCI Note and Fitzwater noted plans to do same. He also mentioned that financial planning seminars will be held 15, 17, and 19 September. [ ]

Hetu briefly called attention to the David Burnham article in the New York Times (attached). [ ]

Clarke alerted the Director to problems being encountered with State re the required certification from us that the Government of Nicaragua does not aid or abet revolutionary forces. The Director advised that we should lay the facts on the line and Clarke noted he had written D/INR/State conveying our assessment which State will probably find troublesome. [ ]

Clarke advised that Graham Allison will be here this week for consultation, and noted the [ ] has joined the Senior Review Panel replacing [ ]. He also mentioned that [ ] has joined MEAP. [ ]

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[ ] said they are carefully watching developments leading to the 21 August House-Senate Conference on the Intelligence Authorization Bill and related problems created by the colloquy on S. 2284. He noted the NSC Staff is working this problem with Senator Huddleston and the Director advised that we enlist the support of David Aaron prior to his 20 August departure on leave. (Action: LC) [ ]

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[ ] advised that Frank Snepp has delivered a check in the amount of \$116,658 which partially fulfills his obligation to the United States in satisfaction of the judgment against him in U.S. vs. Snepp. [ ]

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[ ] said that he and Zellmer had written to Admiral Murphy conveying their reservations about the Defense Reconnaissance Support Program (DRSP) as conveyed in Murphy's memorandum of 11 August. The Director advised that he had dictated his thoughts on the matter over the weekend, and [ ] noted that their letter to Murphy was a holding operation promising additional views from the Director. [ ]

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B. C. Evans

Attachments

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## *The Billy Carter Inquiry Opens This Week in Earnest and in Some Doubt*

# Much Less A Whodunit Than a Whydiddit

By DAVID E. ROSENBAUM

WASHINGTON — Seven summers ago, during the Senate Watergate hearings, Howard H. Baker Jr. posed the critical question day after day: "What did the President know, and when did he know it?"

This week, a special Senate subcommittee, chaired by Birch Bayh of Indiana, is scheduled to begin its public hearings on Billy Carter's activities. But there seems to be no single, overriding question about President Carter. Indeed, an experienced trial lawyer who has talked with some members of the panel said last week that he had the sense the Senators did not really know what they were investigating.

There has been no evidence that President Carter committed an illegal act, and a plausible argument can be made — based on what is known now — that he has done nothing unethical. The White House has turned over to the Senate so much documentation and testimony that no one is seriously charging that there is a cover-up.

"In essence, this boils down to the President's judgment," said Senator Richard G. Lugar of Indiana, a Republican member of the subcommittee. That assessment is shared by most, if not all, of Mr. Lugar's colleagues.

Presidential judgment is undoubtedly a matter of great concern, especially in an election year. But many lawyers and members of Congress are beginning to wonder whether it is best explored in the context of a Congressional investigation. A lawyer who was deeply involved in the Watergate investigation put it this way: "Maybe you really can't carry out a Watergate-style investigation more than once every decade or two. You need enthusiasm on the part of the committee, the press, the investigators. You need a good team of people. Lots of things that aren't there now."

Last week, the subcommittee picked Philip W. Tone, a former Federal judge from Chicago, to be special counsel to direct the investigation. The hearings are scheduled to begin Tuesday, leaving little time for thorough preparation. Because so many

luminaries are being called to testify — Billy Carter; Zbigniew Brzezinski, the President's national security adviser; Attorney General Benjamin R. Civiletti, and probably the President himself — the hearings are certain to receive enormous attention.

There are likely to be four main areas of inquiry:

*The Administration's handling of a potential criminal case.* The President and Mr. Civiletti discussed the case nearly a month before Billy Carter finally registered as an agent of the Government of Libya. While few are alleging that there was an obstruction of justice, some lawyers believe it was unethical for the Attorney General to have raised the matter with the President.

There is the question of whether someone in the Administration told Billy Carter that the Justice Department knew he had received \$220,000 from the Libyans. During the 18 months that the Justice Department tried to persuade the President's brother to register as a foreign agent, Billy Carter showed almost no interest in the matter.

Shortly after the Justice Department learned of the payments through intelligence channels, however, Billy Carter instructed a lawyer to check on the status of the investigation. The White House and the Justice Department have denied that he was tipped off, but an official familiar with the case remarked that it seemed like "a remarkable coincidence that Billy, who had never inquired before about the case, should show up just after a major break."

Finally, there is the question of whether it amounted to indirect and improper communication between the White House and the Justice Department for the President's counsel, Lloyd N. Cutler, to have had frequent conversations about the case with Billy Carter's lawyers.

*The foreign policy implications.* There has been no indication that Billy Carter's activities on behalf of Libya had any influence on the policies of the United States. But several Senators plan to raise questions about the wisdom of the President's using members of his family for diplomatic purposes.

Eyebrows were raised earlier this month by the statement of Col. Muammar el-Qaddafi, the radical Libyan leader, that he had been promised last December that President Carter, if re-elected, would make Middle East policy decisions that favored the Palestinians. The reported assurances came shortly after Billy Carter had arranged a meeting between Mr. Brzezinski and the Libyan representative in the United States. Mr. Brzezinski says that he kept no notes from that meeting, and the White House denies that such assurances had been given Libya.

*The disclosure of intelligence material.* It is generally conceded, even by the President's critics, that he disclosed no secrets when he showed his brother a cable reporting on Billy Carter's trip to Libya in 1978.

But the investigators are likely to ask whether it was proper for Mr. Brzezinski to have told Billy Carter in March about information concerning Mr. Carter's dealings in Libyan oil that had come out of a classified intelligence report.

Further, it is not clear why Billy Carter's name

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was included in the intelligence report in the first place, since legally the names of private American citizens are supposed to be deleted from such material before it is disseminated.

Then, there is the question about Mr. Civiletti's handling of a separate intelligence report. He learned from such a report in April that Billy Carter had received payments from Libya, but he did not give the information to his investigators because, he said, he feared jeopardizing sensitive intelligence-gathering methods. Joel S. Lisker, the career Justice Department official who headed the Billy Carter investigation, is cleared to see the most sensitive intelligence material.

*The relationship between the President and his brother.* Some observers find it incredible that the President was unable to stop his brother from dealing with Libya. Their reasoning runs along these lines: Billy Carter's relationship with Libya evolved directly from his personal financial difficulties. President Carter was well aware of those difficulties and, indeed, was somewhat responsible for them.

His election as President, for instance, resulted in the sale of the family peanut warehouse, which was Billy Carter's main source of income. That being the case, if the President was as eager as he says he was to put an end to his brother's dealings with Libya, why did he not give or lend Billy Carter money?

WASHINGTON POST (17 August 1980)

# The Federal Diary

By Mike Causey

## No News on COL May Be Best News

One of every 10 U.S. civil servants is eligible to retire. Right now! Today!

That is a lot of people, and it includes at least 35,000 long-service feds living and working in the Washington area.

More than 260,000 federal employees have put in enough time, and passed enough birthdays, to retire any time. A very large number of them—perhaps as many as 70,000—are actively considering retirement within the next couple of weeks. All are waiting to see what Congress will do to them.

Employees are worried about recent assaults on the federal pension program: from talk about merging it with the totally unrelated social security system to action, next week, to cut back cost-of-living (COL) raises now due retirees by federal law.

The Senate has already approved a plan to make a one-shot budget savings by eliminating the COL raise retirees are due in September. Under the Senate-passed plan U.S. retirees would not get the 7.7 percent COL boost due them this year. Instead they would get a full inflation catchup in March 1981.

The House, on the other hand, is putting the finishing touches on a plan that would let federal, postal and military retirees get the September raise, but make them skip the March 1981 adjustment.

The Senate and House plans to skip one of the two COLs due retirees are both "temporary" measures. But there is no guarantee that Congress won't decide next year to make that "temporary" cutback in the frequency of COL raises permanent. The White House favors one COL per year for government and military personnel.

The when-to-retire decision is further complicated because the bill pending before the House Rules Committee (for September raise, skipping next March's COL boost) makes some significant changes in benefits due those about-to-retire.

Under the House plan, the so-called "look-back" provision would be eliminated. That means employees who retire would not get the benefit of the last COL adjustment, as they do now. In addition, the House proposal knocks new retirees out of getting most or all of the COL adjustment that comes due after they retire.

Presently, retirees can quit the day before a COL comes due (in this case they could quit Aug. 31 and get the full benefit of the 7.7 percent COL due Sept. 1) and take advantage of the "look-back" to the last raise, and get the full amount of the COL raise.

The House bill would eliminate look-back, and prorate the amount of the upcoming COL raise based on the actual length of time an individual was retired. So instead of getting all of the 7.7 percent September COL adjustment, new retirees would get only a fraction of it, based on when they actually retired.

Uncertainty over which bill will become law—and the effective date of the next COL—is bothering many workers. And who can blame them?

Whether the changes are justified or not, the fact is that Congress is preparing to change the rules of the retirement game just as thousands of people are preparing to end their careers. Had they known earlier this year that some benefits were to be chopped, many would have made different plans. Now all they can do is sit and hope the ax doesn't fall too hard.

Here is the congressional timetable for acting on the retiree raise issue:

- The Senate has already approved its bill which would skip the September raise, and give retirees a full COL in March 1981. The Senate bill does not make any other changes.

- The House measure—with the September COL payday and the major changes in "look-back" and prorating—will be taken up by the House Rules Committee Monday or Tuesday. Then it should go to the full House for debate, and vote by Aug. 20 or 21.

After the House approves a bill its measure will go to a Senate-House conference committee to iron out a final version. Then to the White House.

There is one hope for the two-COL formula, and for people planning to retire this month. That is that Congress, in its wisdom and/or haste, does nothing.

If Congress fails to change the law before Sept. 1, the 7.7 percent raise will go into effect automatically in October. And persons retiring before the Sept. 1 effective date will get full benefit of the new COL, plus benefits of the look-back provision.

From: Ronald Reagan  
To: George Bush  
Re: Your speeches

As ex-Director, under C.I.A. Regulation [ ] you "must submit for review.... all writings and scripts or outlines of oral presentations." / So, you better preach only about rep ties and football.

STAT

By David Burnham

WASHINGTON — The first question is this: Has George Bush, Ronald Reagan's Vice Presidential running mate, violated an important regulation of the Central Intelligence Agency, the spy organization he once headed?

The words of the regulation are quite straightforward. Before an employee or former employee of the C.I.A. ships a manuscript to a publisher or climbs onto a podium to deliver a speech that touches on intelligence matters, or might be based on classified information, he must submit the material to the agency for review.

The second question is this: What happens to a country when its Government promulgates rules that are unequally applied? Mr. Bush and the C.I.A. agree that he has not submitted his speeches for review. They also contend that he has not been under an obligation to do so. This attitude of easy tolerance toward Mr. Bush contrasts with the C.I.A.'s approach to another former employee, Frank W. Snepp 3d. Under an order approved by the United States Supreme Court, Mr. Snepp has been denied all royalties from his non-fiction book, "Decent Interval: An Insider's Account of Saigon's Indecent End," which he refused to allow the C.I.A. to review, even though the Government concedes that the book divulged no classified information. More recently, Mr. Snepp was required to submit his second book, a novel about

the C.I.A., for official vetting.

During his campaign for the Republican Presidential nomination, and now as Vice Presidential candidate, Mr. Bush frequently has commented on chronic foreign-policy problems. A few months ago, for example, he told a Cleveland audience that "based on my experience in foreign affairs, I am convinced that the risks involved in a U.S. military presence in the Middle East are as unnecessary as they are unwanted by the American people."

Hardly a unique or unusual insight. Mr. Bush, through a spokesman, insisted that such pronouncements are based on knowledge acquired during his travels, his experiences as envoy to the United Nations and China, and his readings. But is it possible that the comment on the Middle East and other observations on foreign affairs also draw on classified information he received while Director of Central Intelligence from January 1976 to January 1977?

The regulation in question has two parts. The first describes who and what is covered; the second establishes the absolute principle that it is the C.I.A., not the individual author or speechmaker, that must make the decision about what material is fit for public consideration.

C.I.A. Regulation HR 6-2 states: "Agency employees and former employees under the terms of their secrecy agreement must submit for review by the Board all writings and

scripts or outlines of oral presentations intended for nonofficial publication, including works of fiction, which makes any mention of intelligence data or activities or contain data which may be based on information classified pursuant to law or Executive Order." Publication is neatly defined as the communication of information to one or more persons.

Then comes the part denying the individual any discretion in making the judgment about the material. "Submission to the Board will be made prior to disclosing such information to anyone who is not authorized by the agency to have access to it. The responsibility is upon the employee or former employee to learn from the agency whether the material intended for publication fits the description set forth in this paragraph. No steps will be taken toward publication until written permission to do so is received from the Board."

Asked why Mr. Bush had not sought review of comments that might have been partly based on classified information, a spokesman for the candidate said the remarks were "so innocuous that Mr. Bush sees no reason to send them to the C.I.A." The spokesman confirmed that Mr. Bush once asked the Review Board to clear a chapter of an unpublished book.

Herbert E. Hetu, chairman of the C.I.A.'s Review Board, said he was sure there was no reason to be worried by Mr. Bush's failure to send his speeches to the agency before he deliv-

ered them. "We have no reason to believe Mr. Bush will not submit for review any material that falls into the category of concern," the official said.

Yet the regulation requires the C.I.A., not the former employee, to decide whether material to be made public might be based on classified information. Reminded of this, Mr. Hetu replied: "That is a regulation, not a law. We have no punitive hold over former employees."

Maybe that is a problem, even though Mr. Snepp might not agree about the punitive hold. Perhaps Congress ought to pass a law on this subject. How about one authorizing the C.I.A. to assign a team of unbiased experts directly to Mr. Bush's staff to make sure no classified material sneaks into his speeches? But, in the name of fairness, why should C.I.A. experts limit their services to Mr. Bush? Why not a broad new Government program under which the C.I.A. could advise all national candidates, even those who never worked for the C.I.A.? Or, following the logic of the Supreme Court decision concerning Mr. Snepp, perhaps the Government should bring a civil suit to impound the campaign contributions raised by Mr. Bush when he gave those speeches, which just may be tainted by that terrible stain — data based on classified information.

David Burnham, a former reporter for The New York Times, is writing a book about information and society.